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SUBJECT: ENERGY SECRETARY ABRAHAM MEETS BRAZILIAN MINISTERS

REF: BRASILIA 972

1. (U) SUMMARY: Energy Secretary Spencer Abraham traveled to Brasilia April 19 to meet with Brazil's Science and Technology Minister Campos, Mines and Energy Minister Rousseff, and Foreign Relations Minister Amorim, as a follow-up to the June 2004 Presidential Summit between President Bush and Brazilian President Lula. Also pursuant to the Presidential Summit, the GoB/USG joint working group for the hydrogen economy met for the first time; Secretary Abraham and Minister Rousseff signed an agreement on the hydrogen economy. Foreign Minister Amorim and Mines and Energy Dirlma Rousseff co-hosted a luncheon in honor of Secretary and Mrs. Abraham. End summary.

Ministry of Science and Technology Meeting

2. (U) Science and Technology (MCT) Minister Eduardo Campos, accompanied by MCT Executive Secretary Luiz Fernandes and seven specialists, welcomed Secretary Abraham, Ambassador Hrinak, six DOE staff members, and Science Counselor Rubenstein. Secretary Abraham set the tone by applauding Brazil's recent memberships in the Carbon Sequestration Leadership Forum and the International Partnership for the Hydrogen Economy (IPHE), and expressed the desire to explore other areas of cooperation. Minister Campos mirrored this wish to intensify bilateral energy cooperation. There was agreement that particular areas of interest within both governments are collaboration on nanotechnology, renewables, nano-manufacturing, biotechnology, and scientific exchanges. To facilitate expanded cooperation, Campos named Executive Secretary Fernandes as Brazil's point of contact, and Secretary Abraham named DOE's Office of Science Director Ray Orbach.

3. (SBU) Secretary Abraham urged that the GoB sign the Statement of Intent (SOI) concerning cooperation in the fields of nuclear non-proliferation and counter-terrorism. He pointed out that the President had asked him to officially convey that Brazil is considered among the ten Nonproliferation Treaty states to have existing enrichment facilities and that Brazil will not be subject to restrictions to their nuclear supply under the President's enrichment and reprocessing proposal. The Secretary also emphasized that Brazil's decision to sign the Additional Protocol is an issue between the International Atomic Energy Agency (IAEA) and Brazil, not a bilateral one. Secretary Abraham offered DOE technical assistance to help Brazil with safeguarding challenges in implementing the Additional Protocol. Minister Campos stated that the GoB has safeguards at 35 installations and intends to negotiate the safeguards for the 36-th installation. Campos appreciated the offer of potential US help in protecting proprietary technology during this process.

4. (SBU) Campos expressed GoB's strong interest in executing the International Nuclear Energy Research Initiative (I-NERI) it signed last year. Secretary Abraham and Minister Campos extolled the benefits of nuclear energy and its importance to the overall energy supply matrix. Points of contact designated during this meeting for I-NERI are DOE's Director of the Office of Nuclear Energy, Science and Technology, Bill Magwood, and the president of Brazil's National Nuclear Energy Commission, Odair Goncalves.

5. (U) Minister Campos listed some of the Lula administration's priorities, including alternative energy programs, biodiesel, and rural electrification. Secretary Abraham expounded on the latter theme and stated that DOE, at times in conjunction with USAID, has worked with several countries on rural electrification programs, the Philippines being an example. Secretary Abraham added that using fuel-cell technology to bring electricity to remote communities is an area of cooperation with GoB that DOE encourages.

Lunch at the Foreign Ministry

16. (U) Foreign Minister Celso Amorim and Mines and Energy (MME) Minister Dilma Rousseff co-hosted a lunch in honor of Secretary and Mrs. Abraham. Seventeen Brazilians attended,

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including four ministers, five ambassadors, four secretaries and two chiefs of staff. Other especially notable attendees were Development, Investment and Trade Minister Luiz Furlan, MME Executive Secretary Mauricio Tolmasquim, and Ambassador Antonio Guerreiro, Director-General of International Organizations. In addition to the Secretary and Mrs. Abraham, U.S. guests included Ambassador Donna Hrinak, Chief of Staff Joe McMonigle, Senior Advisor Majida Mourad, Senior Policy Advisor Mary Alice Hayward, Deputy Assistant Secretary for International Energy Cooperation David

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Pumphrey, Dr. Moustafa Soliman, Dr. Robert Dixon and Embassy EconCouns Wasilewski.

17. (U) After the lunch, Minister Amorim, five senior Brazilian Foreign Ministry officials, Secretary Abraham, Ambassador Hrinak, DOE Chief of Staff Joe McMonigle, Senior Policy Advisor for National Security Matters Mary Alice Hayward, and DOE Foreign Affairs Advisor Margaret Manning and Embassy PolCouns Hearne(notetaker) met in Minister Amorim's office (Ref).

Joint Team for the Hydrogen Economy

18. (U) Concurrent with Secretary Abraham's morning sessions, a separate experts' meeting took place on the subject of the hydrogen economy. MME Executive Secretary Mauricio Tolmasquim headed a delegation of seven from his ministry, and was joined by the following from other Brazilian entities: Maria Frank from Petrobras, Mauricio Cantao from the Institute of Technology and Development, Claudio Judice from MCT, and Paulo Miranda from Business Incubator COPPE/UFRJ. Dr. Robert Dixon represented DOE and was accompanied by Energetics consultant Richard Scheer.

19. (U) This joint working group on hydrogen energy development committed to several bilateral collaborative activities. Brazilian and U.S. technical experts will share information on hydrogen technologies, and identify potential joint projects that will be funded through public-private partnerships. The experts' group also agreed on information exchanges through reciprocal "study tours". The aim is to plan a strategy to stimulate interest in hydrogen-energy development in the Americas; a follow-on meeting was scheduled within three months. The working group is to use the March 2005 IPHE meeting in Brazil to publicize and advance hydrogen technologies in the hemisphere.

Ministry of Mines and Energy

10. (U) Minister Dilma Rousseff convened a meeting at MME including MME Executive Secretary Tolmasquim, various employees of MME, Secretary Abraham, Ambassador Hrinak, USAID General Development Officer Armstrong, five DOE staff members, and EconOff. Minister Rousseff lauded the strong bilateral relationship between the U.S. and Brazil. She highlighted the collaboration on the working level in the areas of carbon sequestration, biomass, and biodiesel. Rousseff reviewed other activities that have been completed since the June 2003 Presidential Summit in Washington, including the September 15-16, 2003 energy information exchange between MME and the Energy Information Agency, the October 28-29, 2003 meeting between the US and Brazilian energy regulators, and the November 21, 2003 energy symposium in Washington.

11. (U) Both Secretary Abraham and Minister Rousseff praised the results of that day's first meeting of the U.S./Brazil hydrogen working group, which presented them with its formal report. Rousseff called the meeting "a milestone, leading to another chapter in our partnership, which sets the tone for consistent interaction." She added that the joint hydrogen technology meeting set the framework for technical exchanges as well as for hydrogen road-mapping, and represented a breakthrough in public-private partnerships (PPP). Note. So-called PPPs are vital to the Lula government's economic agenda and hopes for infrastructure investments. End note.

12. (U) Press was then allowed in the meeting room for the Secretary's and Minister's signing of the Memorandum of

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Cooperation Between the United States and Brazil for Hydrogen Energy Technology. Secretary Abraham expressed his deep thanks for the productive visit and emphasized the importance of this agreement for developing hydrogen technologies as different fuels become scarcer in the world.

He emphasized that he had committed to visit Brazil during the June 2003 Presidential Summit, and that this Memorandum of Cooperation was a culmination of hard work over the eight months since.

¶13. (U) The Secretary and Minister took questions from the press, the majority of which were directed to Secretary Abraham regarding the U.S. stance on nuclear inspections and the IAEA Additional Protocol. Saying, "The U.S. is not here to tell Brazil what to do," Secretary Abraham stressed that the issue was directly between IAEA and Brazil. The Secretary emphasized that the overall purpose of his trip

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was to augment the already-robust energy cooperation between DOE and MME, and that he was in Brazil to follow-up on decisions made last June.

¶14. (U) COMMENT: Although the prospective meeting with President Lula failed to materialize, all the rest of the GoB's top levels gave the Secretary's visit a great deal of attention. Belying Brazilian media speculation in advance of the trip that the Secretary's objective was to pressure Brazil on nuclear inspections, all meetings went in an undilutedly positive atmosphere, without contention. The relationship between DOE and MME ameliorated as a result of this visit, and will remain a cornerstone in our bilateral partnership. The hydrogen working group in particular should serve as a blueprint for deeper cooperation and regularly scheduled technical-level dialogue between our governments.

HRINAK